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April 1, 2022

Docket Control
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, AZ 85007

RE: Arizona Public Service Company (APS or Company)
2021 Renewable Energy Standard and Tariff (REST) Annual Compliance
Report (Report)
Docket No. E-00000R-16-0084

Pursuant to Arizona Administrative Code R14-2-1812(A), APS is required to file an annual report detailing its compliance with the REST rules:

Beginning April 1, 2007, and every April 1st thereafter, each Affected Utility shall file with Docket Control a report that describes its compliance with the requirements of these rules for the previous calendar year The Affected Utility shall also transmit to the Director of the Utilities Division an electronic copy of this report that is suitable for posting on the Commission's web site.

Attached is the Company's Report. Competitively confidential information contained in the Report and native Excel files will be submitted to Staff separately pursuant to an executed Protective Agreement.

Please let me know if you have questions.

Sincerely,

/s/ Elizabeth Lawrence

Elizabeth Lawrence

EL/me
Attachment

cc: Elijah Abinah
Barbara Keene



2021 RENEWABLE ENERGY STANDARD COMPLIANCE REPORT

April 1, 2022

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In January of 2020, Arizona Public Service Company (APS or Company) announced its Clean Energy Commitment. By 2050, APS will deliver 100% clean, carbon-free and affordable electricity to its customers. The Clean Energy Commitment includes a 2030 target of achieving a resource mix that is 65% clean energy, with 45% of APS's generation portfolio coming from renewable energy. This 2030 target will serve as a critical checkpoint for the Company's resource planning, investment strategy, and customer affordability efforts as APS moves toward our commitment.

APS's clean energy goal builds on the Company's history of promoting and integrating renewables, energy efficiency, battery storage, and carbon-free generation. To meet these aggressive goals will require a combination of the right technologies, collaborative partnerships and a supportive policy environment that understands that flexibility is critical to balance the building of clean generation, while maintaining affordability and reliability for our customers. As APS pursues its Clean Energy Commitment, the Company will continue to install resources that allow it to comply with the Renewable Energy Standard (RES) and Tariff Rules (REST Rules). APS's 2021 RES results are discussed below.

I. 2021 Renewable Energy Standard Results

A. Compliance with RES Requirements

The Arizona Corporation Commission (ACC or Commission) requires through the REST Rules that 11% of the utility's 2021 retail kilowatt-hour (kWh) sales come from eligible renewable energy resources.¹ The REST Rules further mandate that 30% of that 11% be fulfilled with energy produced from distributed energy (DE) resources, one-half of which may come from residential applications and the remaining half from non-residential, non-utility applications. The REST Rules also mandates that 70% of the 11% of the utility's 2021 retail sales be fulfilled with energy produced from renewable generation (RG) resources.²

In 2021, the Company's total RES resources were 2,695,395 megawatt-hours (MWh), which is 9.3% of APS's total 2021 retail sales. This includes energy from rooftop solar installations for which an incentive was provided. However, total renewable energy resources installed in APS's service territory produced 4,366,408 MWh in 2021.³ This is equivalent to nearly 15% of APS's 2021 retail sales. With over 17,000 installations in 2021, APS continued to see robust levels of rooftop solar being installed in APS's service territory without an incentive. The table found in Appendix A represents APS's 2021 performance when compared with the RES requirements. Appendix B illustrates total RES resources on the APS system at the end of 2021.

Beginning in 2017, the Commission has provided APS a waiver from the residential DE requirement.⁴ The Commission provided a waiver from the residential DE requirement for

¹ A.A.C. R14-2-1804(B).

² APS defines Renewable Generation as renewable resources interconnected on the utility side of the meter. Renewable Generation resources are generally grid-scale projects and apply to the RES total production requirement.

³ This includes energy from rooftop solar installations for which an incentive was not provided.

⁴ Beginning in 2013, the Commission determined that financial incentives for residential DE solar were no longer necessary, and has subsequently approved APS requests for waivers from the residential DE mandate in the RES.

2021, as well.⁵ In 2021, APS met the non-residential DE and the RG RES compliance requirements by using our Renewable Energy Credit (REC) bank. This REC bank will be utilized as the Company continues to sell RECs to customers providing an offset to the Renewable Energy Adjustment Charge (REAC-1). APS will actively manage the REC bank and APS's resource portfolio to remain compliant with the RES requirements.

Compliance with the REST Rules is measured using RECs. For the purposes of RES compliance tracking, a REC is defined as the environmental attributes associated with a kWh of energy derived from eligible renewable resources or the kWh equivalent of conventional resources displaced by distributed resources; however, throughout this Compliance Report APS discloses its production in MWh.⁶

B. Installed Resources

An overview of APS's total installed portfolio at the end of 2021 is provided in Appendix B. The table includes projects installed to-date from prior calendar years, including grid-scale renewable resources, accounting adjustments for RES eligibility standards, including the subtraction of Green Choice sales, the expected production (annualized) from installed DE systems, a multiplier applied to in-state solar installations completed by end of year 2005, and RG resources.⁷

II. 2021 Associated Revenue and Costs

A. REAC-1

Revenues allocated to offset authorized program expenses are collected through both the REAC-1 and base rates.⁸ REAC-1 collects funds for RES programs based on a per kWh charge and associated caps and averages as shown in Appendices F, G and H. Accrued revenue collected in a prior year may be designated to offset expenses in the current year (Appendix C).

B. Resource Costs

Pursuant to A.A.C. R14-2-1812(B), APS is required to report any above-market, utility-scale power purchase expenditures as well as cash incentive payments by technology. Actual costs are competitively confidential and have been redacted, but will be provided to Commission Staff pursuant to a Protective Agreement in this matter. Appendices D and E reflect actual 2021 expenses for projects reaching commercial operation in prior years and at contracted market pricing at the time of commercial acceptance.⁹

⁵ If the Commission had not granted this waiver, APS would not have met the residential DE requirement for 2021.

⁶ A.A.C. R14-2-1805(B), (D).

⁷ See A.A.C. R14-2-1801(R) and Decision No. 72737 (January 18, 2012). Wholesale Distributed Generation includes utility-owned and non-utility-owned eligible renewable energy resources interconnected at 69 kV or lower.

⁸ See Decision Nos. 76295 (August 18, 2017) and 76312 (August 23, 2017).

⁹ Invoice costs do not include associated system integration costs for these resources.

C. Residential and Non-Residential Incentive Program

Consistent with prior Commission decisions, APS offered no incentives in 2021.

D. Green Choice Rate Program

Per Decision No. 78076 (June 24, 2021), the Commission authorized APS to extend its Green Choice Program and the three associated Green Power Rate Schedules GPS-1, GPS-2, and GPS-3. In 2021, 1,218¹⁰ customers subscribed to these rates for 109,125 MWh of sales and gross revenue of \$1,113,079.

In 2021, Green Choice block and percentage options were self-certified by APS.¹¹ The renewable energy resources used in the APS Green Choice Program were solar (6%) and wind (94%).

E. APS Solar Communities

The APS Solar Communities program (the Program) was established during APS's 2016 Rate Case with the purpose of making solar and its clean energy benefits available to limited- and moderate-income customers. Company marketing efforts, which include email outreach and mail inserts, have focused on making these customers aware of the Program.

The following table shows the number of installations as of December 29, 2021 by category.

Eligible Category	Number of Installations
Limited-Income ¹²	550
Moderate-Income ¹³	134
Multifamily ¹⁴	15
Non-Profits, Title I Schools, Rural Gov't ¹⁵	22

The Program's online application portal for residential customers closed in January 2020 when the expected budget threshold was reached for the budget approved in Decision No. 76295. Residential projects that were in the queue at that time have been installed.

The Company has installed solar systems on 15 multifamily facilities and is currently in the process of installing systems at two additional multifamily sites. The Company also plans to begin construction on one more multifamily site in 2022.

As of December 31, 2021, APS approved 23 applications from non-profits serving limited- and moderate-income customers, Title I Schools, and rural governments. Of those, 22 systems have been granted permission to operate. The final project will be completed by early 2022.

¹⁰ This includes a large non-residential customer.

¹¹ See Decision No. 76312.

¹² Households with incomes at or below 200% of the federal poverty level.

¹³ Households with incomes less than 100% of the median Arizona household income.

¹⁴ Multifamily housing complexes for limited- and moderate-income families. Two of the four multifamily housing installations are composed of 37 individual rooftop installations located at two different multifamily communities.

¹⁵ Non-profits serving limited- and moderate-income customers, Title I Schools, and rural governments.

III. Additional Reporting

- Decision No. 72022 (December 10, 2010) required APS to list cases within the previous three calendar years where APS has received damages or other considerations as a result of non-compliance related to RES contracts. No damages or other considerations were realized in 2021 as a result of non-compliance related to RES contracts.
- Decision No. 71958 (November 1, 2010) required APS to file in its annual REST reports, in the confidential materials provided to Staff, the annual kWh output of the Solar System, the value of the Cost of Comparable Conventional Generation (CCCG), and the RECs and the amount deposited into the REST fund as a result of this transaction for the relevant reporting period associated with APS's Bagdad Solar Agreement. APS has provided this information to Commission Staff pursuant to a Protective Agreement executed in this matter.

IV. Appendix A: 2021 Compliance Summary

Category	Metric	%	Compliance Measure (MWh)	RES Resources (MWh or Equivalent)	
Retail Sales	Actual MWh Sales for 2021		29,136,635		
Prior year carrying balance ¹				8,095,940	(I)
2021 Total RES Requirement	% of Retail Sales	11%	3,205,030		(J)
DE Requirement	% of RES Requirement	30%	961,509		
DE Sub-Requirements: ²					
Residential DE ³	% of DE Requirement	50%	480,754	277,546	(K)
Non-Residential DE	% of DE Requirement	50%	480,754	478,607	(L)
RG Requirement	% of RES Requirement	70%	2,243,521	1,939,242	(M)
2021 Total RES Resources [From (H) in Appendix B] (K + L + M)				2,695,395	(N)
Resources Used for 2021 Compliance (J)				3,205,030	(J)
Production Withdrawn from APS REC Bank for RG Requirement				304,278	(O)
Production Withdrawn from APS REC Bank for Non-Residential DE Requirement				2,148	(P)
End carrying balance (I - O - P)				7,789,514	(Q)

Notes to Appendix A:

¹The RES-eligible resource carrying balance is accounted for using First-In-First-Out (FIFO) methodology, wherein the entire carrying balance is applied to the RES requirement and the year-end carrying balance consists of current year remaining resources.

²The non-incented DE residential production totaled 1,545,210 MWh and non-incented DE commercial production totaled 125,803 MWh.

³The Commission has provided APS a waiver from the Residential DE Requirement and therefore, no production was withdrawn from the APS REC Bank for the Residential DE Requirement.

V. Appendix B: 2021 Renewable Resources

Resource	Technology	Ownership	MWac ¹	MWdc ¹	Production MWh (Actual) + (Annualized) ²	Multiplier Credits (MWh)	Total MWh or Equivalent
GENERATION:							
Aragonne Mesa	Wind	3rd Party PPA	90		65,213		65,213
High Lonesome	Wind	3rd Party PPA	100		379,135		379,135
Perrin Ranch	Wind	3rd Party PPA	99		208,432		208,432
Snowflake White Mountain Power	Biomass	3rd Party PPA	14		110,338		110,338
Northwest Regional Landfill Gas	Landfill Gas	3rd Party PPA	3		19,338		19,338
Salton Sea/CE Turbo	Geothermal	3rd Party PPA	10		55,721		55,721
Ajo	Solar PV	3rd Party PPA	5		8,614		8,614
Badger 1 Solar	Solar PV	3rd Party PPA	15		37,903		37,903
Gillespie 1 Solar	Solar PV	3rd Party PPA	15		39,920		39,920
Prescott	Solar PV	3rd Party PPA	10		22,752		22,752
Saddle Mountain	Solar PV	3rd Party PPA	15		34,303		34,303
AZ Sun: Chino Valley	Solar PV	APS	19		46,771		46,771
AZ Sun: Cotton Center	Solar PV	APS	17		40,866		40,866
AZ Sun: Foothills I/II	Solar PV	APS	35		104,280		104,280
AZ Sun: Hyder I	Solar PV	APS	16		40,609		40,609
AZ Sun: Hyder II	Solar PV	APS	14		38,070		38,070
AZ Sun: Paloma	Solar PV	APS	17		39,554		39,554
AZ Sun: Gila Bend	Solar PV	APS	32		96,043		96,043
AZ Sun: Luke AFB	Solar PV	APS	10		30,771		30,771
AZ Sun: Desert Star	Solar PV	APS	10		31,627		31,627
Small Solar Projects	Solar PV	APS	4		6,145	2,580	8,725
Solana CSP	Solar CSP	3rd Party PPA	250		694,570		694,570
Gross Total			800	-	2,150,972	2,580	2,153,552
Adjustments							
Special Contracts ³					(9,033)		(9,033)
Green Choice Sales					(109,125)		(109,125)
Wholesale DE Component					(96,151)		(96,151)
Subtotal Generation			800		1,936,662	2,580	1,939,242 (A)
DISTRIBUTED ENERGY (DE):							
<i>Residential:</i>							
Up Front Incentive (UFI) Installations ⁴	Various	Customer-Sided DE	129	152	231,668	23,219	254,887
Non Incentive Installations	Various	Customer-Sided DE	827	973	1,251,477	293,733	1,545,210
Flagstaff Community Power Project	Solar PV	APS	0.4	0.4	602		602
APS Solar Partner Program	Solar PV	APS	8.1	9.5	13,719		13,719
APS Solar Communities Program	Solar PV	APS	5.7	6.7	8,338		8,338
Gross Total			971	1,142	1,505,804	316,952	1,822,756
Subtotal Residential			971	1,142	1,505,804	316,952	1,822,756 (B)
<i>Non-Residential:</i>							
UFI Installations ⁴	Various	Customer-Sided DE	14	16	18,920	7,394	26,314
Production Based Incentive (PBI) Installations ⁴	Various	Customer-Sided DE	109	129	182,486		182,486
Non Incentive Installations	Solar PV	Customer-Sided DE	87	103	89,745	36,058	125,803
DE RFP ⁵	Solar PV	Customer-Sided DE	37	44	73,624		73,624
Schools & Government (3rd-Party Owned)	Solar PV	Customer-Sided DE	40	47	69,865		69,865
Schools & Government (Utility-Owned)	Solar PV	APS	13	15	19,739		19,739
Flagstaff Community Power Project	Solar PV	APS	0.9	1.1	1,050		1,050
APS Solar Communities Program	Solar PV	APS	5.2	6.1	9,378		9,378
Gross Total ²			307	361	464,807	43,452	508,259
Wholesale DE Component			n/a	n/a	96,151		96,151
Subtotal Non-Residential			307	361	560,958	43,452	604,410 (C)
Subtotal Distributed Energy² (B + C)			1,277	1,503	2,066,762	360,404	2,427,166 (D)
Total Renewable Energy Resources (A + D)					4,003,424	360,404	4,366,408 (E)
Total MWac equivalent⁶			2,077				
Total Non Incentive Energy Resources					1,341,222	329,791	1,671,013 (F)
Total Non Incentive MWac equivalent			914				(G)
Total RES Resources⁷ (E - F)					2,662,202	30,613	2,695,395 (H)
Total MWac equivalent⁶			1,163				

Notes to Appendix B:

¹ Renewable Generation capacity is reported in MWac and DE is generally reported in MWdc.

² Subtotal Distributed Energy= production (actuals) + production (annualized) in MWh. For 2021, annualized generation comprised approximately 209 MW of all DE capacity. Production (annualized) assumes an average of 1,593 kWh per installed kW for non-metered or current year installed residential PV systems, and 1,484 kWh per installed kW for non-residential systems.

³ Energy sold through Special Contracts has been removed from Renewable Generation totals.

⁴ Includes energy for all installations, but only notes capacity for solar electric and wind installations.

⁵ Approved PBI program per Decision Nos. 70313 and 71459.

⁶ Represents the total RES portfolio capacity in MWac. Assumes a 85% dc-ac conversion factor applied to MWdc capacity.

⁷ Total RES Resources do not include energy from non-incentive installations, which may be considered for compliance in future years.

VI. Appendix C: 2021 RES Associated Revenues and Costs

2021 RES Associated Revenues and Costs - As of December 31, 2021

Funds Available (Revenues)

System Benefit Charge (SBC) Revenue ¹	\$	6,000,000
Renewable Energy Standard (RES) Revenue & Other ²	\$	64,930,685
<i>Subtotal: 2021 Collections</i>		<i>70,930,685</i>

Prior Years Collected and Unallocated Funds		13,336,798
<i>Balance of Funds Available as of December 31, 2020</i>		<i>13,336,798</i>

Total: Available Revenue	\$	84,267,482
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Expenses (Costs)

Energy/Incentives

Renewable Generation Purchased Power ³	\$	34,812,328
Distributed Energy Incentives ⁴	\$	27,597,639
<i>Subtotal: Energy and Incentives</i>	<i>\$</i>	<i>62,409,967</i>

Non-Energy Costs

Administration & Implementation		8,297,965
Research, Commercialization & Integration		904,569
Customer Outreach and Awareness Programs		15,356
<i>Subtotal: Non-Energy Costs</i>	<i>\$</i>	<i>9,217,889</i>

APS Owned Program Costs

APS Solar Communities		279,889
<i>Subtotal: APS Owned Program Costs</i>	<i>\$</i>	<i>279,889</i>

Total: Expenses	\$	71,907,746
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<i>Balance as of December 31, 2021⁵</i>	<i>\$</i>	<i>12,359,737</i>
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Notes to Appendix C:

¹ Collected from base rates.

² Collected as part of the environmental surcharge and other miscellaneous 2021 program related receipts.

³ Includes Purchase Power Agreements from Distributed Energy sources.

⁴ Incentives billed in 2021.

⁵ Totals may not sum due to rounding.

VII. Appendix D: 2021 RES Resource Costs

2021 RES-Attributable Energy Costs (Above Market - Utility Scale)¹

Technology	MW	MWh	RES Cost (\$/MW) ²	RES Cost (\$/MWh) ²	Total RES Cost ²
Wind	289	652,780			
Biomass ³	14	110,338			
Landfill Gas	3	19,338			
Geothermal	10	55,721			
Solar PV PPA ⁴	60	143,492			
Solar CSP ⁵	250	694,570			
RES-Attributable Energy Costs (Above Market - Utility Scale)					\$ 32,096,714

Notes to Appendix D:

¹Includes only 2021 program year costs incurred under new and/or legacy projects within the RES budget and is not comparable to a levelized cost of energy.

²Redacted due to the competitively confidential nature of the information.

³Includes gross generation, and does not adjust for Wholesale DE allocations.

⁴Does not include Purchase Power Agreements from Distributed Energy sources.

⁵Concentrating Solar Power (CSP)

VIII. Appendix E: RES Cash Incentive Costs

Distributed Energy Production Based Incentive Program Costs for Systems Paid in 2021

	Production-Based Incentives				Total Incentives Paid (\$)
	MW	MWh	(\$/MW)	(\$/MWh) ¹	
Solar Electric	202	286,009	\$ 132,673	94	\$ 26,790,851
Combined Heat & Power	-	-	\$ -	-	\$ -
Solar Water Heating	N/A	2,407		51	\$ 122,547
Solar HVAC	N/A	5,082		135	\$ 684,241
<i>Subtotal: Production Based Incentives²</i>	202	293,498			\$ 27,597,639

Notes to Appendix E:

¹ Reflects 2021 incentive dollars divided by associated MWh.

² Totals may not sum due to rounding.

IX. Appendix F: RES Adjustment Schedule REAC-1 (effective December 1, 2021)



ADJUSTMENT SCHEDULE REAC-1 RENEWABLE ENERGY ADJUSTMENT CHARGE

AVAILABILITY

The Renewable Energy Adjustment Charge (REAC) applies to all Customer service accounts.

DESCRIPTION

The monthly REAC charge recovers expenditures made by the Company to meet compliance with Arizona's Renewable Energy Standard.

CHARGES

The monthly charge for each service account will be calculated at the following rates and surcharge caps:

kWh Charge	\$0.006391	per kWh
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Surcharge Caps (per service account per month)

Residential Customers	\$2.56	per Month
Non-Residential Customers		
Extra-Small and Small	\$94.95	per Month
Medium	\$159.78	per Month
Large	\$319.55	per Month
Extra-Large	\$2,077.08	per Month

Surcharge caps shown above apply to the following:

1. Customers who have not installed an on-site renewable distribution generation system;
2. Customers that installed an on-site renewable distribution generation system prior to July 1, 2012; and
3. Customers that installed an on-site renewable distribution generation system after July 1, 2012 and before February 1, 2013 and did not receive an incentive.



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

Alternative REAC Charges, Flat Charges, and Minimum Charges

Residential Customers	\$2.19	Flat charge per Month
Non-Residential Customers		
Extra-Small	\$5.34	Minimum charge per Month
	\$94.95	Surcharge cap
Small	\$26.68	Minimum charge per Month
	\$94.95	Surcharge cap
Medium	\$139.28	Flat charge per Month
Large	\$297.85	Flat charge per Month
Extra-Large	\$2,077.08	Flat charge per Month

Flat charges shown above apply to the following:

1. Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Customers that installed a renewable distributed generation system interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.

Minimum Charges and Surcharge Caps shown above apply to the following:

1. Extra-Small and Small General Service Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Extra-Small and Small General Service Customers that installed a renewable distributed generation system and interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.



**ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE**

NON-RESIDENTIAL CUSTOMER BILLING CATEGORIES

Non-residential Customers served under the following retail rate schedules will be billed under the surcharge categories shown below:

<u>Retail Rate Schedule</u>	<u>Surcharge Category</u>
E-47, E-58, E-59, Contract 12, E-67, E-36M (small option)	Extra-Small
E-32 S, E-32TOU S	Small
E-32 M, E-32TOU M	Medium
E-32 L, E-32TOU L, E-36M (medium option), GS-Schools L	Large
E-34, E-35, E-36 XL	Extra-Large

For non-residential Customers served under the following rate schedules, the surcharge category will be based on the monthly billing demand as shown below:

<u>Retail Rate Schedule</u>	<u>Monthly Billing Demand</u>	<u>Surcharge Category</u>
E-221, E-221 8T	20 kW and less	Extra-Small
E-221, E-221 8T	21 - 100 kW	Small
E-221, E-221 8T	101 - 400 kW	Medium
E-221, E-221 8T	> 400 kW	Large
GS-Schools M	20 kW and less	Extra-Small
GS-Schools M	21 - 100 kW	Small
GS-Schools M	> 100 kW	Medium
E-20	20 kW and less	Extra-Small
E-20	> 20 kW	Small

SERVICE DETAILS

1. The charges will be revised annually, effective on the first billing cycle in January, or as otherwise ordered by the Arizona Corporation Commission, and will not be prorated.
2. All the terms and charges in the customer's rate schedule continue to apply to electric service provided under this adjustment.
3. Charges applied under Adjustment Schedules REAC-1 and DSMAC-1 may be combined and shown on the "Environmental Benefits Surcharge" line of the Customer's monthly bill.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Jessica E. Hobbs
Title: Manager, Revenue Requirements and Pricing
Original Effective Date: May 1, 2008

A.C.C. No. 6100
Canceling A.C.C. No. 6029
Adjustment Schedule REAC-1
Revision No. 15
Effective: December 1, 2021 in Decision No. 78317

X. Appendix G: RES Adjustment Schedule REAC-1 (effective July 1, 2021)



ADJUSTMENT SCHEDULE REAC-1 RENEWABLE ENERGY ADJUSTMENT CHARGE

AVAILABILITY

The Renewable Energy Adjustment Charge (REAC) applies to all Customer service accounts.

DESCRIPTION

The monthly REAC charge recovers expenditures made by the Company to meet compliance with Arizona's Renewable Energy Standard.

CHARGES

The monthly charge for each service account will be calculated at the following rates and surcharge caps:

kWh Charge	\$0.006403	per kWh
Surcharge Caps (per service account per month)		
Residential Customers	\$2.56	per Month
Non-Residential Customers		
Extra-Small and Small	\$95.13	per Month
Medium	\$160.08	per Month
Large	\$320.15	per Month
Extra-Large	\$2080.98	per Month

Surcharge caps shown above apply to the following:

1. Customers who have not installed an on-site renewable distribution generation system;
2. Customers that installed an on-site renewable distribution generation system prior to July 1, 2012; and
3. Customers that installed an on-site renewable distribution generation system after July 1, 2012 and before February 1, 2013 and did not receive an incentive.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Jessica E. Hobbick
Title: Manager, Revenue Requirements and Pricing
Original Effective Date: May 1, 2008

A.C.C. No. 6029
Canceling A.C.C. No. 6014
Adjustment Schedule REAC-1
Revision No. 14
Effective: July 1, 2021



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

Alternative REAC Charges, Flat Charges, and Minimum Charges

Residential Customers	\$2.19	Flat charge per Month
Non-Residential Customers		
Extra-Small	\$5.35	Minimum charge per Month
	\$95.13	Surcharge cap
Small	\$26.73	Minimum charge per Month
	\$95.13	Surcharge cap
Medium	\$139.54	Flat charge per Month
Large	\$298.41	Flat charge per Month
Extra-Large	\$2080.98	Flat charge per Month

Flat charges shown above apply to the following:

1. Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Customers that installed a renewable distributed generation system interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.

Minimum Charges and Surcharge Caps shown above apply to the following:

1. Extra-Small and Small General Service Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Extra-Small and Small General Service Customers that installed a renewable distributed generation system and interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

NON-RESIDENTIAL CUSTOMER BILLING CATEGORIES

Non-residential Customers served under the following retail rate schedules will be billed under the surcharge categories shown below:

<u>Retail Rate Schedule</u>	<u>Surcharge Category</u>
E-47, E-58, E-59, Contract 12, E-67, E-36M (small option)	Extra-Small
E-32 S, E-32TOU S	Small
E-32 M, E-32TOU M	Medium
E-32 L, E-32TOU L, E-36M (medium option), GS-Schools L	Large
E-34, E-35, E-36 XL	Extra-Large

For non-residential Customers served under the following rate schedules, the surcharge category will be based on the monthly billing demand as shown below:

<u>Retail Rate Schedule</u>	<u>Monthly Billing Demand</u>	<u>Surcharge Category</u>
E-221, E-221 8T	20 kW and less	Extra-Small
E-221, E-221 8T	21 - 100 kW	Small
E-221, E-221 8T	101- 400 kW	Medium
E-221, E-221 8T	> 400 kW	Large
GS-Schools M	20 kW and less	Extra-Small
GS-Schools M	21 - 100 kW	Small
GS-Schools M	> 100 kW	Medium
E-20	20 kW and less	Extra-Small
E-20	> 20 kW	Small

SERVICE DETAILS

1. The charges will be revised annually, effective on the first billing cycle in January, or as otherwise ordered by the Arizona Corporation Commission, and will not be prorated.
2. All the terms and charges in the customer's rate schedule continue to apply to electric service provided under this adjustment.
3. Charges applied under Adjustment Schedules REAC-1 and DSMAC-1 may be combined and shown on the "Environmental Benefits Surcharge" line of the Customer's monthly bill.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Jessica E. Hobbick
Title: Manager, Revenue Requirements and Pricing
Original Effective Date: May 1, 2008

A.C.C. No. 6029
Canceling A.C.C. No. 6014
Adjustment Schedule REAC-1
Revision No. 14
Effective: July 1, 2021

XI. Appendix H: RES Adjustment Schedule REAC-1 (effective November 1, 2019)



ADJUSTMENT SCHEDULE REAC-1 RENEWABLE ENERGY ADJUSTMENT CHARGE

AVAILABILITY

The Renewable Energy Adjustment Charge (REAC) applies to all Customer service accounts.

DESCRIPTION

The monthly REAC charge recovers expenditures made by the Company to meet compliance with Arizona's Renewable Energy Standard.

CHARGES

The monthly charge for each service account will be calculated at the following rates and surcharge caps:

kWh Charge	\$0.005712	per kWh
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Surcharge Caps (per service account per month)

Residential Customers	\$2.28	per Month
Non-Residential Customers		
Extra-Small and Small	\$84.86	per Month
Medium	\$142.80	per Month
Large	\$285.60	per Month
Extra Large	\$1,856.40	per Month

Surcharge caps shown above apply to the following:

1. Customers who have not installed an on-site renewable distribution generation system;
2. Customers that installed an on-site renewable distribution generation system prior to July 1, 2012; and
3. Customers that installed an on-site renewable distribution generation system after July 1, 2012 and before February 1, 2013 and did not receive an incentive.



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

Alternative REAC Charges, Flat Charges, and Minimum Charges

Residential Customers	\$1.99	Flat charge per Month
Non-Residential Customers		
Extra Small	\$4.77	Minimum charge per month
	\$84.86	Surcharge cap
Small	\$23.85	Minimum charge per month
	\$84.86	Surcharge cap
Medium	\$115.27	Flat charge per month
Large	\$225.80	Flat charge per month
Extra Large	\$1,856.40	Flat charge per month

Flat charges shown above apply to the following:

1. Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Customers that installed a renewable distributed generation system interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.

Minimum Charges and Surcharge Caps shown above apply to the following:

1. Extra Small and Small General Service Customers that installed a renewable distributed generation system after July 1, 2012 and received an incentive; and
2. Extra Small and Small General Service Customers that installed a renewable distributed generation system and interconnected to the Company's distribution grid after February 1, 2013, regardless of whether an incentive was received.



ADJUSTMENT SCHEDULE REAC-1
RENEWABLE ENERGY ADJUSTMENT CHARGE

NON-RESIDENTIAL CUSTOMER BILLING CATEGORIES

Non-residential Customers served under the following retail rate schedules will be billed under the surcharge categories shown below:

<u>Retail Rate Schedule</u>	<u>Surcharge Category</u>
E-47, E-58, E-59, Contract 12, E-67, E-36M (small option)	Extra-Small
E-32 S, E-32TOU S	Small
E-32 M, E-32TOU M	Medium
E-32 L, E-32TOU L, E-36M (medium option), GS-Schools L	Large
E-34, E-35, E-36 XL	Extra-Large

For non-residential Customers served under the following rate schedules, the surcharge category will be based on the monthly billing demand as shown below:

<u>Retail Rate Schedule</u>	<u>Monthly Billing Demand</u>	<u>Surcharge Category</u>
E-221, E-221 8T	20 kW and less	Extra-small
E-221, E-221 8T	21 - 100 kW	Small
E-221, E-221 8T	101- 400 kW	Medium
E-221, E-221 8T	> 400 kW	Large
GS-Schools M	20 kW and less	Extra-small
GS-Schools M	21 - 100 kW	Small
GS-Schools M	> 100 kW	Medium
E-20	20 kW and less	Extra-small
E-20	> 20 kW	Small

SERVICE DETAILS

1. The charges will be revised annually, effective on the first billing cycle in January, or as otherwise ordered by the Arizona Corporation Commission, and will not be prorated.
2. All the terms and charges in the customer's rate schedule continue to apply to electric service provided under this adjustment.
3. Charges applied under Adjustment Schedules REAC-1 and DSMAC-1 may be combined and shown on the "Environmental Benefits Surcharge" line of the Customer's monthly bill.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: Jessica E. Hobbick
Title: Manager, Revenue Requirements and Pricing
Original Effective Date: May 1, 2008

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